


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-511-C - ORDER NO. 2000-652
AUGUST 10, 2000

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| IN RE: Application of FreedomStarr |) | |
| Communications, Inc. d/b/a Planet Earth |) | |
| Communications and d/b/a iPhonebill.com for |) | ORDER |
| a Certificate of Public Convenience and |) | GRANTING |
| Necessity to Provide Intrastate Resold |) | CERTIFICATE |
| Telecommunications Services and for |) | |
| Alternative Regulation. |) | |



This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of FreedomStarr Communications, Incorporated d/b/a Planet Earth Communications and d/b/a iPhonebill.com ("FreedomStarr" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold telecommunications services between and among locations within the State of South Carolina as a non facilities-based interexchange telecommunications service provider. FreedomStarr also requested that the Commission regulate its interexchange business service, consumer card, and operator services in accordance with the principles and procedures established for relaxed regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Company's Application was filed pursuant to S.C. Code Ann. §§58-9-280 and 58-9-520 (Supp. 1999) and the rules and regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed FreedomStarr to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose

of the Notice of Filing was to inform interested parties of FreedomStarr's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on July 6, 2000, at 12:30 p.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. Frank Ellerbe, Esquire represented the Company. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

Alan C. Ezeir, Secretary and Chief Financial Officer of FreedomStarr, appeared and offered testimony in support of the Application. As Secretary and Chief Financial Officer of FreedomStarr, Mr. Ezeir is responsible for overseeing the Company's financial operations. According to the testimony, FreedomStarr is a privately-held company, organized under the laws of the State of California. FreedomStarr offers interexchange telecommunications services as a resale carrier and the Company hopes to offer similar services in South Carolina. More specifically, FreedomStarr proposes to provide a variety of inbound and outbound interexchange telecommunications services, including "1 Plus" and "800" services, as well as travel card services. The Company does not plan to offer prepaid calling cards or local exchange services in South Carolina at this time. Mr. Ezeir explained the Company's managerial, technical, and financial ability to provide telecommunications services in South Carolina.

According to the testimony, FreedomStarr will offer its interexchange services to residential and business customers. As of the hearing date, the Company was certified to provide its telecommunications services in approximately twenty-seven states. Mr. Ezeir's testimony reveals FreedomStarr is operating in good standing in all the states where the Company has

received authority to provide telecommunications services. Additionally, the Company has never had authority denied in any state where it has applied for authority, nor has the Company had authority revoked in any state where it has been granted authority. Furthermore, Mr. Ezeir's testimony reveals FreedomStarr has never been fined or sanctioned by a state or federal regulatory body concerning its telecommunications services.

FreedomStarr markets and advertises its services via the Internet. The Company does not utilize voice over the Internet technology. The Internet is also utilized for all billing, customer service and for any concerns customers have about bills and customers are able to view bills on-line. The Company does not bill its customers through the local exchange carrier.

Customer service is available through the Company from 8:00 a.m. through 5:00 p.m. Customers may leave messages with the Customer Service department during the period of time a customer service representative is not available. This department is available to customers for all service-related problems, including trouble reporting. Jonathan Miatt is the regulatory contact person and the financial contact person for the Company.

MCI/WorldCom will operate as FreedomStarr's underlying carrier. The testimony reveals FreedomStarr will rely on the technical capabilities or transport facilities of its underlying carrier for all network and transport facilities in the provision of access.

Regarding the Company's financial ability to offer services in South Carolina, the record reveals the Company's total current liabilities and total current assets as of September 30, 1999. As of September 30, 1999, FreedomStarr's total current assets were \$348,010 and its total current liabilities were \$784,775. Mr. Ezeir's testimony states that as a reseller of telecommunications services, FreedomStarr's liabilities to its underlying carrier are incurred

upon the rendering of service; therefore, the Company will not require additional capitalization nor resource expenditure to expand its operations in South Carolina.

Regarding the Company's managerial ability to offer telecommunications services in South Carolina, Mr. Ezeir's testimony states FreedomStarr employs corporate officers and professional staff members. Michael S. Reed is the co-founder, CEO/CIO and Co-Chairman of the Board of Directors. The record reveals he has extensive knowledge in direct marketing and network marketing distribution and the necessary software systems required to track agent sales and activities. Prior to joining FreedomStarr, Mr. Ezeir, as Co-Chairman and Chief Financial Officer of FreedomStarr, founded Intelligent Communications Management, a firm that helps small to large companies decide what carrier to work with in the telecommunications market, and worked with USVT, a switchless reseller in northern California. Finally, Michael J. Papale is the Vice President of Marketing. Prior to joining FreedomStarr, the record reveals Mr. Papale was responsible for business development, marketing, client management and strategic partnerships at a high-tech consulting firm focusing on e-commerce solutions, application development and Internet start-up companies.

FreedomStarr requested the Commission regulate its business service, consumer card, and operator service offerings in accordance with the principles and procedures established for relaxed regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Company also requests that the Commission waive application of 26 S.C. Code Ann. Regs. 103-610 (1976) and allow FreedomStarr to maintain its records required under the Commission's rules or necessary for the administration thereof, outside the State of South Carolina.

Mr. Ezeir's testimony reveals FreedomStarr had not provided local or long distance services in South Carolina as of the date of the hearing. In addition, the Company had not

marketed its services in South Carolina as of the date of the hearing. Finally, according to Mr. Ezeir's testimony, FreedomStarr, as of the date of the hearing, had not received revenues from the completion of intrastate calls in South Carolina.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. FreedomStarr is organized as a corporation under the laws of the State of California and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. FreedomStarr operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.
3. FreedomStarr has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to FreedomStarr to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for the long distance services which are consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket N. 95-661-C.

Under the Commission approved alternative regulation, the business service offerings of FreedomStarr, including consumer card and operator services are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to FreedomStarr also.

3. The Commission adopts a rate design for FreedomStarr for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. FreedomStarr shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. FreedomStarr shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in

instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

5. If it has not already done so by the date of issuance of this Order, FreedomStarr shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. FreedomStarr is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. FreedomStarr shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If FreedomStarr changes underlying carriers, it shall notify the Commission in writing.

9. FreedomStarr shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level,

customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. FreedomStarr shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

11. With regard to the origination and termination of toll calls within the same LATA, FreedomStarr shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

12. FreedomStarr requests that the Commission waive application of 26 S.C. Code Ann. Regs. 103-610 (1976) so that the Company can maintain its books and records required by the Commission rules or necessary for the administration thereof outside the State of South Carolina. We hold that it would be unusually difficult for the Company to maintain its books and records in South Carolina and therefore we waive the application of 26 S. C. Code Ann. Regs. 103-610 (1976). However, the Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'**

| | |
|------------------------------------|---------------------------|
| <hr/> COMPANY NAME | <hr/> FEIN |
| <hr/> ADDRESS | <hr/> PHONE NUMBER |
| <hr/> CITY, STATE, ZIP CODE | <hr/> FAX NUMBER |

1. SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR. \$ _____
2. SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR. \$ _____
3. RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS
ENDING DECEMBER 31, 2000 OR FISCAL YEAR:

Gross Plant in located or allocated to South Carolina operations \$ _____

CWIP located in or allocated to South Carolina operations \$ _____

Land located in or allocated to South Carolina operations \$ _____

Accumulated Depreciation of South Carolina Plant (\$ _____)

Net Rate Base located in or allocated to South Carolina operations \$ _____

4. PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR:

LONG TERM DEBT \$ _____

EQUITY \$ _____

5. PARENT'S AVERAGE RATE OF INTEREST ON LONG TERM DEBT _____ %.

6. CONTACT PERSON FOR ALL FINANCIAL INQUIRES AND REPORTING:

NAME _____

ADDRESS IF DIFFERENT FROM COMPANY _____

TELEPHONE NUMBER _____

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'

7. ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE)(USE BACK IF NEEDED).

NAME OF OFFICER SIGNING FORM (PRINT OR TYPE) _____

SIGNATURE _____

TITLE _____

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).**